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SUBJECT: Thai Business Leaders Tell DAS Marciel that the Regional Economic Future is Bright and the U.S. Should be Here

BANGKOK 00000379 001.2 OF 002

¶1. (SBU) Summary: In a meeting hosted by Ambassador John for visiting DAS Scot Marciel, Thai business leaders expressed confidence in ASEAN as a stable business community and stressed the importance of the Greater Mekong Sub-region in U.S. foreign policy. They are not concerned about China's growing influence and look forward to investing in Burma. The U.S. has an opportunity to build on its historically strong ties with Thailand and invest in the region, especially in research and development, with renewed dedication before the 2015 creation of the ASEAN single market. In an earlier meeting, DAS Marciel briefed the American business community on continuing difficulties in regional relationships and addressed a variety of "doing business" concerns. End Summary.

¶2. (SBU) Comment: Even given that the Thai business leaders were top executives of their corporations and the U.S. business people were generally branch office heads of U.S.-based corporations, the difference in the outlook of the two groups was striking. The Thai take a long-term view, and are optimistic about the direction of current trends, while the Americans are concerned with nuts-and-bolts obstacles to business operations in the here and now. The Thai business leaders noted that their generation was by and large educated in the U.S. and would be supportive of doing more to build ties with us. The Embassy will be working with both Thai and U.S. business leaders to find ways to promote the National Export Initiative and increase U.S. business interest in, and U.S. exports to, Thailand. End Comment.

¶3. (SBU) On February 10, the Ambassador hosted a small group of leading Thai business executives for a discussion of regional economic trends with EAP DAS Scot Marciel. The business leaders included the president and CEO of the Siam Cement Group, Kan Trakulhoon, the CEO of Amata Corporation, Vikrom Kromdit, the president of the Thai Frozen Food Association, Panisuan Jamnarnvej, and executive vice presidents from the Charoen Pokphand (CP) Group, Sarasin Viraphol, and Loxley, Vasant Chatikavanij. Siam Cement is one of the premier construction and infrastructure development companies in Thailand and the region, and Amata is one of the leading developers of industrial estates. The vision of food production conglomerate CP Group is to become "kitchen to the world."

¶4. (SBU) The business leaders expressed confidence in ASEAN as a vibrant economic community with great potential for growth in the future. They noted that the region is more stable than in previous decades and the member countries more cooperative, an attitude fostered by recent trade agreements. Although China's influence will continue to grow, especially with the completion of infrastructure development projects such as a third bridge over the Mekong River, they and their ASEAN colleagues see this as a business opportunity, not as a threat, and they welcome Chinese companies in the Greater Mekong Sub-region, even though Chinese firms can be difficult business partners. Mr. Vikrom of Amata foresees Burma as an emerging

market for development projects and Mr. Kan from Siam Cement agreed and noted that if Amata found success there, they would follow without reservation.

¶15. (SBU) Through educational exchanges and business transactions, the leaders agreed, the United States remains the most influential country in the region. They stressed that the U.S. should build on this foundation and regard ASEAN as an important entity in its own right, not simply a function of U.S. policy toward China or India. Dr. Sarasin, a former Thai ambassador to the Philippines, hoped that the U.S. would dedicate itself to economic development in the region in the same way that the U.S. once built military capacity. DAS Marciel stressed that the President and Secretary regard the region with renewed importance. He added that ASEAN nations would benefit if they could do more promotion of ASEAN as a unified entity and that they should work to develop educational exchanges and other interactions to raise the international profile of ASEAN, especially in the United States.

¶16. (SBU) Dr. Sarasin opined that the United States would achieve more success in ASEAN if it packaged trade issues with investment and noted that this was the strategy that China had adopted. Although he and his colleagues agreed that China had been successful in the economic realm, they are skeptical about China's progress in technical fields. Contrasting China with Thailand, they observed that Thailand is an ideal place for investment in research and development because of the technical education of Thai students, their capacity to speak English well, and the loyalty of Thai workers to foreign employers. Foreign investors would not find their employees leaving to develop rival companies as in China.

¶17. (SBU) Earlier in the day, DAS Marciel addressed concerns in a meeting with members of the American business community at the American Chamber of Commerce. DAS Marciel briefed AMCHAM members on his trip around the region. U.S. firms expressed concerns about weak

BANGKOK 00000379 002.2 OF 002

IPR protection in Thailand and difficulties with Thai Customs and said that they find it difficult to deal with the ASEAN market as a whole because the different national bureaucracies do not coordinate.

¶18. (SBU) The doing business concerns highlighted by the U.S. firms were not expressed by the Thai leaders, who see ASEAN as a place which will grow more unified and more influential in the coming years and see the Greater Mekong Sub-region as among the best areas for development in the world. They believe that political gaps between ASEAN countries can be bridged by business deals, and urge the United States to invest in the region, especially in the years before ASEAN officially forms a single market in 2015.

¶19. (U) DAS Marciel did not clear this cable.

JOHN